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Mexico

Oilseeds and Products

Annual

2000

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Report Highlights: For 2000/01, oilseed products consumption and imports are all expected to continue to expand. The expansion will be driven by a healthy economy and the resultant strong demand. Consequently, total oilseed imports, mainly from the United States, are projected to increase faster in 2000/01 than the previous year. At the same time, imports of meals are projected to rise approximately 4 percent in 2000/01 fueled by the livestock industry's ongoing expansion. Lastly, total oil imports are projected to increase by 2.5 percent and reach 604 MT next year. Production of cottonseed is expected to decrease sharply as the international prices continue to be depressed.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Mexico [MX1], MX

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SECTION I. SITUATION AND OUTLOOK

Economic Situation and Outlook

The outlook for the Mexican economy continues to brighten after the uncertainty caused by the economic crises in Russia, Asia, and Brazil during the latter part of 1998 and early 1999. The nearly tripling of world oil prices combined with the Government of Mexico's (GOM) conservative fiscal and monetary policies have led to considerable strength in the Mexican economy. Estimated at 3.5 percent, GDP growth for 1999 surpassed earlier expectations, and the Bank of Mexico made believers out of skeptical market analysts by finishing 1999 below its13 percent inflation target for the year, with an estimated 12.3 percent inflation rate.

That optimism is substantiated by the trade data. Mexico's exports increased 16 percent during the first eleven months of 1999 compared to the same period in 1998. Meanwhile, imports increased 12.9 percent and the trade deficit decreased by 36.7 percent during the same period. Higher oil prices and a more robust U.S. economy are the primary reasons for these improvements. The United States remains by far the most important market for Mexico's exports (88 percent in 1998) and the most important source of imports (74 percent).

Looking forward to 2000, the government projects that the current account deficit will be approximately US$15.4 billion, a figure that would constitute a manageable 3.1 percent of GDP, but that's an increase from the 2.8 percent estimated for 1999. The GOM official inflation target for 2000 is 10.0 percent. The yearly average exchange rate is forecast at 10.4 pesos/US$, which would be a modest depreciation from the average rate of 9.6 that prevailed in 1999. The GOM is targeting a fiscal deficit of only 1.0 percent of GDP, a decrease from the 1.25 percent deficit estimated for 1999.

Achieving these projections depends in a large part on strong oil prices. The higher than expected GDP growth rate in 1999 and the strength of the trade account are largely attributable to the rise in oil prices . Moreover, the GOM receives nearly one-third of its revenues from oil. The GOM used US$16.0 per barrel to prepare the 2000 budget, a very reasonable target price given that the agreement to limit supply by the main exporting countries is likely to be extended for a good part of 2000. The price of the Mexican crude closed at US$22.32 in December 1999. (NOTE: Mexican crude oil is a lower grade than North Brent crude.)

These reasons for optimism notwithstanding, it's important to note that the Mexican market tends to overreact to good or bad news and could be adversely affected by external or internal shocks. In particular, the Mexican economy is susceptible to U.S. economic conditions. A significant downtown in the U.S. economy, a large sustained correction in the U.S. equities market, or a pronounced increase in U.S. interest rates, could all trigger a downturn in Mexico. Internal politics also could present a threat to the economy. Mexico will be holding elections in July and the country has a history of economic turmoil in the year of or following elections.

Situation & Outlook for Oilseeds

Increases in consumption of oilseed products are forecast for 2000 as the outlook for the Mexican economy continues to be favorable. This will the third year in a row of increasing demand for vegetable protein meals. These higher volumes, together with a stable and relatively strong peso, have increased the oilseed industry's profits and optimism about the future. Industry specialists are currently estimating, for example, that soybean demand will increase by about 4 percent over 1999. Similarly, slight growth in the dairy and, to a lesser extend, livestock sector is expected. Consumption of poultry meat also is expected to increase which will increase the demand for oilseed meals.

Mexican soybean production is expected to remain practically flat in 2000. Sources indicate concerns that a drought in the soybean growing region may reduce production this year. Moreover, low prices should discourage any significant increase in domestic soybean production. The estimate of Mexican soybean production for 1999/00 has been increased to 136,000 MT to reflect updated official data. Production of cottonseed will continue to decrease due to depressed international prices. The lack of interest of local governments in some states, together with budget constraints and flood damage to the palm growing region of Veracruz, will continue to hamper the GOM's program to increase palm oil production. Peanut production, consumption, and imports are forecast to increase. Rapeseed and sunflower production continue to be nil.

Mexico will continue to look to the U.S. as its primary supplier of soybeans due to established industry relations and market preference for U.S. soybean varieties. Thus, U.S. industry can expect to benefit from the expected growth in the Mexican market as the economy continues to grow in 2000. U.S. soybean exports to Mexico are expected to increase by about 5 percent in 2000. The overall strong demand for oilseed products that was forecast in 1999 is continuing and the outlook for 2000 is on par with earlier forecasts. Moreover, ample international soybean supplies and low soybean prices will likely encourage robust Mexican soybean imports. Imports continue to be dominated by soybeans, followed by rapeseed, cottonseed, peanuts and sunflower-seed. The import and domestic consumption figures for 1998/99 and 1999/00 have been increased to reflect official Mexican government data and industry information.

Imports of Canadian rapeseed are expected to increase in 2000, reflecting improved market conditions and favorable international prices. Total oil imports are expected to continue to increase as domestic consumption grows.

Marketing

As stated earlier, the U.S. is expected to remain the primary source of imported oilseeds and related products in the coming year. To help ensure those imports continue to increase, FAS's Agricultural Trade Office (ATO) in Mexico City is here to help the U.S. oilseeds industry among many others. The ATO's primary mission to assist in the market development and promotion of U.S. food and agricultural products in the Mexican market. There are a wide variety of activities and services that the ATO, along with other private sector representatives called "Cooperators," make available to help develop U.S. agricultural interests in Mexico. The Cooperator groups in

Mexico that represent the U.S. oilseeds industries are: the American Soybean Association (ASA); the National Sunflower Association; and the National Cottonseed Products Association. They can provide information on all aspects of U.S. oilseeds and products, including sourcing, uses, purchasing and feeding. Technical help in the areas of end-use, processing and technology, as well as education on the United States as a supplier, are part of the U.S. oilseed's Cooperators' programs.

Offices of ASA are located with the ATO at Jaime Balmes 8-201, Col. Polanco, 11510 Mexico, D.F. They can be reached by telephone at 011-52-5281-0120 or by fax at 01152-5281-6154. Contact with the National Sunflower Association and the National Cottonseed Products Association can be made via the ATO office by telephone or fax at 011-52-5209-9100, ext. 4750, 51, 52 and 011-52-5202-0528, respectively. The ATO email address is http://www.atomexico.gob.mx.

SECTION II. STATISTICAL TABLES

PS&D Total Oilseeds

Unit: 1000 Hectares/1000 Metric Tons

PSD Table						
Country	**Mexico**					
Commodity	**Total Oilseeds**					
	1998		1999		Forecast 2000	
	Old	New	Old	New	Old	New
Market Year Begin	**00/1998**		**00/1999**		**00/2000**	
Area Planted	413	415	240	338	0	266
Area Harvested	409	398	350	324	0	255
Beginning Stocks	218	216	166	145	164	79
Production	607	630	474	501	0	362
MY Imports	4607	4776	4773	5120	0	5537
My Imp. from U.S.	3744	3920	3660	3989	0	4303
MY Imp. from the EC	120	109	100	80	0	100
TOTAL SUPPLY	5432	**5622**	5413	**5766**	164	**5978**
MY Exports	7	11	7	7	0	3
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	5009	5225	5008	5379	0	5557
Food Use Dom. Consump.	155	174	169	236	0	250
Feed,Seed,Waste Dm.Cn.	95	67	65	65	0	80
TOTAL Dom. Consumption	5259	5466	5242	5680	0	5887
Ending Stocks	166	145	164	79	0	88
TOTAL DISTRIBUTION	5432	**5622**	5413	**5766**	0	**5978**
Calendar Year Imports	720	4484	780	5192	0	5570
Calendar Yr Imp. U.S.	25	3376	25	4234	0	4501
Calendar Year Exports	7	12	7	5	0	5
Calndr Yr Exp. to U.S.	4	12	4	3	0	3

PS&D Oilseed, Soybean

Unit: 1000 Hectares/1000 Metric Tons

PSD Table						
Country	**Mexico**					
Commodity	**Oilseed, Soybean**					
	Revised1998		**Preliminary1999**		**Forecast2000**	
	Old	New	Old	New	Old	New
Market Year Begin	**09/1998**			**09/1999**		**09/2000**
Area Planted	94	97	80	86	0	90
Area Harvested	89	90	95	79	0	83
Beginning Stocks	165	165	120	94	125	40
Production	143	143	130	136	0	140
MY Imports	3600	3764	3700	3950	0	4150
MY Imp. from U.S.	3600	3724	3500	3750	0	3900
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	3908	**4072**	3950	**4180**	125	**4330**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	3720	3946	3785	4100	0	4220
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	68	32	40	40	0	50
TOTAL Dom. Consumption	3788	3978	3825	4140	0	4270
Ending Stocks	120	94	125	40	0	60
TOTAL DISTRIBUTION	3908	**4072**	3950	**4180**	0	**4330**
Calendar Year Imports	0	3484	0	4066	0	4270
Calendar Yr Imp. U.S.	0	3209	0	4040	0	4180
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Trade Matrix Oilseed Soybean (Jan-Dec)

OILSEED, SOYBEAN		UNITS: **THOUSAND METRIC TONS**	
EXPORTS FOR 1999 TO:		**IMPORTS FOR 1999 FROM:**	
U.S.	0	U.S.	4,040
OTHER		OTHER	
	0	BRAZIL	26
TOTAL OF OTHER		TOTAL OF OTHER	26
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	0	GRAND TOTAL	4,066

SOURCE: 1993, 2000. Global Trade Information Services, Inc. Mexico Edition, Dec. 1999.

PS&D Oilseed Peanut

Unit: 1000 Hectares/1000 Metric Tons

PSD Table						
Country	**Mexico**					
Commodity	**Oilseed, Peanut**					
	Revised1998		**Preliminary1999**		**Forecast2000**	
	Old	New	Old	New	Old	New
Market Year Begin	**09/1998**		**09/1999**		**09/2000**	
Area Planted	90	95	0	95	0	96
Area Harvested	85	93	89	94	0	95
Beginning Stocks	0	0	0	0	0	0
Production	120	131	125	135	0	137
MY Imports	46	53	55	110	0	120
My Imp. from U.S.	23	28	25	43	0	50
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	166	**184**	180	**245**	0	**257**
MY Exports	7	6	7	5	0	3
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	4	4	4	4	0	4
Food Use Dom. Consump.	155	174	169	236	0	250
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
TOTAL Dom. Consumption	159	178	173	240	0	254
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	166	**184**	180	**245**	0	**257**
Calendar Year Imports	50	46	50	97	0	100
Calendar Yr Imp. U.S.	25	28	25	35	0	40
Calendar Year Exports	7	7	7	5	0	5
Calndr Yr Exp. to U.S.	4	7	4	3	0	3

Trade Matrix Oilseed Peanut (Jan-Dec)

OILSEED, PEANUT		UNITS: **THOUSAND METRIC TONS**	
EXPORTS FOR 1999 TO:		**IMPORTS FOR 1999 FROM:**	
U.S.	4	U.S.	35
OTHER		OTHER	
		NICARAGUA	43
TOTAL OF OTHER	0	TOTAL OF OTHER	43
OTHERS NOT LISTED	0	OTHERS NOT LISTED	19
GRAND TOTAL	4	GRAND TOTAL	97

SOURCE: 1993, 2000. Global Trade Information Services, Inc. Mexico Edition, Dec. 1999.

PS&D Oilseed, Cottonseed

Unit: 1000 Hectares/1000 Metric Tons

PSD Table						
Country	**Mexico**					
Commodity	**Oilseed, Cottonseed**					
	Revised1998		**Preliminary1999**		**Forecast2000**	
	Old	New	Old	New	Old	New
Market Year Begin	**08/1998**		**08/1999**		**08/2000**	
Area Planted (COTTON)	229	223	160	157	0	80
Area Harvested(COTTON)	229	215	160	151	0	77
Seed to Lint Ratio	0	0	0	0	0	0
Beginning Stocks	4	4	4	6	4	4
Production	339	356	214	230	0	85
MY Imports	113	161	135	190	0	345
MY Imp. from U.S.	113	161	135	190	0	345
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	456	**521**	353	**426**	4	**434**
MY Exports	0	5	0	2	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	430	480	329	400	0	405
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cm.	22	30	20	20	0	25
TOTAL Dom. Consumption	452	510	349	420	0	430
Ending Stocks	4	6	4	4	0	4
TOTAL DISTRIBUTION	456	**521**	353	**426**	0	**434**
Calendar Year Imports	0	117	0	152	0	272
Calendar Yr Imp. U.S.	0	117	0	152	0	272
Calendar Year Exports	0	5	0	0	0	0
Calndr Yr Exp. to U.S.	0	5	0	0	0	0

Trade Matrix Oilseed Cottonseed (Jan-Dec)

OILSEED, COTTONSEED		UNITS: **THOUSAND METRIC TONS**	
EXPORTS FOR 1999 TO:		**IMPORTS FOR 1999 FROM:**	
U.S.	2	U.S.	152
OTHER		OTHER	0
TOTAL OF OTHER	0	TOTAL OF OTHER	0
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	2	GRAND TOTAL	152

SOURCE: 1993, 2000. Global Trade Information Services, Inc. Mexico Edition, Dec. 1999.

PS&D Oilseed, Sunflowerseed

Unit: 1000 Hectares/1000 Metric Tons

PSD Table						
Country	**Mexico**					
Commodity	**Oilseed, Sunflowerseed**					
	Revised1998		**Preliminary1999**		**Forecast2000**	
	Old	New	Old	New	Old	New
Market Year Begin	**10/1998**		**10/1999**		**10/2000**	
Area Planted	0	0	0	0	0	0
Area Harvested	6	0	6	0	0	0
Beginning Stocks	39	39	34	37	29	27
Production	5	0	5	0	0	0
MY Imports	150	13	150	10	0	12
MY Imp. from U.S.	8	7	0	6	0	8
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	194	**52**	189	**47**	29	**39**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	155	10	155	15	0	18
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	5	5	5	5	0	5
TOTAL Dom. Consumption	160	15	160	20	0	23
Ending Stocks	34	37	29	27	0	16
TOTAL DISTRIBUTION	194	**52**	189	**47**	0	**39**
Calendar Year Imports	0	45	0	11	0	13
Calendar Yr Imp. U.S.	0	22	0	7	0	9
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Trade Matrix Oilseed Sunflower-seed (Jan-Dec)

OILSEED, SUNFLOWERSEED		UNITS: **THOUSAND METRIC TONS**	
EXPORTS FOR 1999 TO:		**IMPORTS FOR 1999 FROM:**	
U.S.	0	U.S.	7
OTHER		OTHER	
		CANADA	4
TOTAL OF OTHER	0	TOTAL OF OTHER	4
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	0	GRAND TOTAL	11

SOURCE: 1993, 2000. Global Trade Information Services, Inc. Mexico Edition, Dec. 1999.

PS&D Oilseed, Rapeseed

Unit: 1000 Hectares/1000 Metric Tons

PSD Table						
Country	**Mexico**					
Commodity	**Oilseed, Rapeseed**					
	Revised1998		**Preliminary1999**		**Forecast2000**	
	Old	New	Old	New	Old	New
Market Year Begin	**10/1998**		**10/1999**		**10/2000**	
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	10	8	8	8	6	8
Production	0	0	0	0	0	0
MY Imports	698	785	733	860	0	910
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	120	109	100	80	0	100
TOTAL SUPPLY	708	**793**	741	**868**	6	**918**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	700	785	735	860	0	910
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
TOTAL Dom. Consumption	700	785	735	860	0	910
Ending Stocks	8	8	6	8	0	8
TOTAL DISTRIBUTION	708	**793**	741	**868**	0	**918**
Calendar Year Imports	670	792	730	866	0	915
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Trade Matrix Oilseed Rapeseed (Jan-Dec)

OILSEED, RAPESEED		UNITS: **THOUSAND METRIC TONS**	
EXPORTS FOR 1999 TO:		**IMPORTS FOR 1999 FROM:**	
U.S.	0	U.S.	0
OTHER		OTHER	
		CANADA	613
TOTAL OF OTHER	0	TOTAL OF OTHER	613
OTHERS NOT LISTED	0	OTHERS NOT LISTED	253
GRAND TOTAL	0	GRAND TOTAL	866

SOURCE: 1993, 2000. Global Trade Information Services, Inc. Mexico Edition, Dec. 1999.

PS&D Total Oilmeals

Units: 1000 Metric Tons

PSD Table						
Country	**Mexico**					
Commodity	**Total Oilmeals**					
	1998		1999		Forecast 2000	
Market Year Begin	**Old**	**New**	**Old**	**New**	**Old**	**New**
Market Year Begin	**00/1998**		**00/1999**		**00/2000**	
Crush	5005	5221	5004	5375	0	5553
Extr. Rate, 999.999	0	0	0	0	0	0
Beginning Stocks	150	150	150	132	150	182
Production	3708	3797	3737	3907	0	4038
MY Imports	224	230	337	468	0	488
My Imp. from U.S.	219	230	332	468	0	488
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	4082	**4177**	4224	**4507**	150	**4708**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	0	0	0	0	0	0
Food Use Dom. Consump.	40	10	41	41	0	50
Feed,Seed,Waste Dm.Cn.	3892	4035	4033	4284	0	4476
TOTAL Dom. Consumption	3932	4045	4074	4325	0	4526
Ending Stocks	150	132	150	182	0	182
TOTAL DISTRIBUTION	4082	**4177**	4224	**4507**	0	**4708**
Calendar Year Imports	185	174	195	334	0	280
Calendar Yr Imp. U.S.	0	174	0	334	0	280
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PS&D Meal, Soybean

Unit: 1000 Metric Tons

PSD Table						
Country	**Mexico**					
Commodity	**Meal, Soybean**					
	Revised1998		**Preliminary1999**		**Forecast2000**	
	Old	New	Old	New	Old	New
Market Year Begin	**09/1998**		**09/1999**		**09/2000**	
Crush	0	0	0	0	0	0
Extr. Rate	0.825269	0.79777	0.82562	0.79268		0.79383
Beginning Stocks	150	150	150	132	0	182
Production	3070	3148	3125	3250	0	3350
MY Imports	180	134	300	300	0	300
MY Imp. from U.S.	180	134	300	300	0	300
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	3400	**3432**	3575	**3682**	0	**3832**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	40	10	41	41	0	50
Feed Waste Dom. Consum	3210	3290	3384	3459	0	3600
TOTAL Dom. Consumption	3250	3300	3425	3500	0	3650
Ending Stocks	150	132	150	182	0	182
TOTAL DISTRIBUTION	3400	**3432**	3575	**3682**	0	**3832**
Calendar Year Imports	180	106	190	218	0	145
Calendar Yr Imp. U.S.	0	106	0	218	0	145
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Trade Matrix Meal Soybean (Jan-Dec)

MEAL, SOYBEAN		UNITS: **THOUSAND METRIC TONS**	
EXPORTS FOR 1999 TO:		**IMPORTS FOR 1999 FROM:**	
U.S.	0	U.S.	218
OTHER		OTHER	
TOTAL OF OTHER	0	TOTAL OF OTHER	0
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	0	GRAND TOTAL	218

SOURCE: 1993, 2000. Global Trade Information Services, Inc. Mexico Edition, Dec. 1999.

PS&D Meal, Cottonseed

Unit: 1000 Metric Tons

PSD Table						
Country	**Mexico**					
Commodity	**Meal, Cottonseed**					
	Revised1998		**Preliminary1999**		**Forecast2000**	
	Old	New	Old	New	Old	New
Market Year Begin	**10/1998**		**10/1999**		**10/2000**	
Crush	0	0	0	0	0	0
Extr. Rate	0.455814	0.4396	0.4559271	0.44	0	0.439506
Beginning Stocks	0	0	0	0	0	0
Production	196	211	150	176	0	178
MY Imports	37	77	30	150	0	167
MY Imp. from U.S.	37	77	30	150	0	167
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	233	**288**	180	**326**	0	**345**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	233	288	180	326	0	345
TOTAL Dom. Consumption	233	288	180	326	0	345
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	233	**288**	180	**326**	0	**345**
Calendar Year Imports	0	52	0	103	0	120
Calendar Yr Imp. U.S.	0	52	0	103	0	120
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PS&D Meal, Rapeseed

Unit: 1000 Metric Tons

PSD Table						
Country	**Mexico**					
Commodity	**Meal, Rapeseed**					
	Revised1998		**Preliminary1999**		**Forecast2000**	
	Old	New	Old	New	Old	New
Market Year Begin	**10/1998**		**10/1999**		**10/2000**	
Crush	0	0	0	0	0	0
Extr. Rate	0.53571	0.550318	0.537415	0.55	ERR	0.549451
Beginning Stocks	0	0	0	0	0	0
Production	375	432	395	473	0	500
MY Imports	5	6	5	4	0	5
MY Imp. from U.S.	0	6	0	4	0	5
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	380	**438**	400	**477**	0	**505**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	380	438	400	477	0	505
TOTAL Dom. Consumption	380	438	400	477	0	505
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	380	**438**	400	**477**	0	**505**
Calendar Year Imports	5	8	5	5	0	6
Calendar Yr Imp. U.S.	0	8	0	5	0	6
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PS&D Meal, Sunflowerseed

Unit: 1000 Metric Tons

PSD Table						
Country	**Mexico**					
Commodity	**Meal, Sunflowerseed**					
	Revised1998		**Preliminary1999**		**Forecast2000**	
	Old	New	Old	New	Old	New
Market Year Begin	**10/1998**		**10/1999**		**10/2000**	
Crush	0	0	0	0	0	0
Extr. Rate	0.432258	0.60000	0.432258	0.533333	0	0.5555556
Beginning Stocks	0	0	0	0	0	0
Production	67	6	67	8	0	10
MY Imports	2	13	2	14	0	16
MY Imp. from U.S.	2	13	2	14	0	16
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	69	**19**	69	**22**	0	**26**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	69	19	69	22	0	26
TOTAL Dom. Consumption	69	19	69	22	0	26
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	69	**19**	69	**22**	0	**26**
Calendar Year Imports	0	8	0	8	0	9
Calendar Yr Imp. U.S.	0	8	0	8	0	9
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PS&D Total Oils

Unit: 1000 Metric Tons

PSD Table						
Country	**Mexico**					
Commodity	**Total Oils**					
	Revised1998		**Preliminary1999**		**Forecast2000**	
	Old	New	Old	New	Old	New
Market Year Begin	**00/1998**		**00/1999**		**00/2000**	
Crush	5220	5415	5525	5576	0	5760
Extr. Rate, 999.999	0	0	0	0	0	0
Beginning Stocks	17	17	18	10	17	15
Production	1179	1157	1185	1214	0	1260
MY Imports	555	516	608	589	0	604
My Imp. from U.S.	346	351	362	394	0	409
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1751	**1690**	1811	**1813**	17	**1879**
MY Exports	35	10	30	30	0	30
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	108	187	126	208	0	209
Food Use Dom. Consump.	1575	1468	1622	1544	0	1608
Feed,Seed,Waste Dm.Cn.	15	15	16	16	0	16
TOTAL Dom. Consumption	1698	1670	1764	1768	0	1833
Ending Stocks	18	10	17	15	0	16
TOTAL DISTRIBUTION	1751	**1690**	1811	**1813**	0	**1879**
Calendar Year Imports	127	521	100	539	0	555
Calendar Yr Imp. U.S.	0	336	0	338	0	361
Calendar Year Exports	0	6	0	16	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PS&D Oil, Soybean

Unit: 1000 Metric Tons

PSD Table						
Country	**Mexico**					
Commodity	**Oil, Soybean**					
	Revised 1998		Preliminary 1999		Forecast 2000	
	Old	New	Old	New	Old	New
Market Year Begin	**09/1998**		**09/1999**		**09/2000**	
Crush	3720	3946	3785	4100	0	4220
Extr. Rate, 999.9999	0.16989	0.166498	0.17041	0.169512	0	0.169431
Beginning Stocks	7	7	7	6	6	5
Production	632	657	645	695	0	715
MY Imports	90	106	110	125	0	140
MY Imp. from U.S.	90	106	110	125	0	140
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	729	**770**	762	**826**	6	**860**
MY Exports	35	10	30	30	0	30
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	682	749	720	785	0	820
Feed Waste Dom. Consum	5	5	6	6	0	6
TOTAL Dom. Consumption	687	754	726	791	0	826
Ending Stocks	7	6	6	5	0	4
TOTAL DISTRIBUTION	729	**770**	762	**826**	0	**860**
Calendar Year Imports	0	105	0	110	0	125
Calendar Yr Imp. U.S.	0	105	0	110	0	125
Calendar Year Exports	0	6	0	16	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Trade Matrix Oil Soybean (Jan-Dec)

OIL, SOYBEAN		UNITS: **THOUSAND METRIC TONS**	
EXPORTS FOR 1999 TO:		**IMPORTS FOR 1999 FROM:**	
U.S.	4	U.S.	110
OTHER		OTHER	
TOTAL OF OTHER	5	TOTAL OF OTHER	0
OTHERS NOT LISTED	7	OTHERS NOT LISTED	0
GRAND TOTAL	16	GRAND TOTAL	110

SOURCE: 1993, 2000. Global Trade Information Services, Inc. Mexico Edition, Dec. 1999.

PS&D Oil Sunflowerseed

Unit: 1000 Metric Tons

PSD Table						
Country	**Mexico**					
Commodity	**Oil, Sunflowerseed**					
	Revised1998		**Preliminary1999**		**Forecast2000**	
	Old	New	Old	New	Old	New
Market Year Begin	**10/1998**		**10/1999**		**10/2000**	
Crush	155	10	155	15	0	18
Extr. Rate, 999.999	0.36129	0.4	0.36129	0.4	0	0.38889
Beginning Stocks	10	10	11	4	11	10
Production	56	4	56	6	0	7
MY Imports	255	164	275	230	0	235
MY Imp. from U.S.	175	148	175	205	0	210
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	321	**178**	342	**240**	11	**252**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	300	164	321	220	0	230
Feed Waste Dom. Consum	10	10	10	10	0	10
TOTAL Dom. Consumption	310	174	331	230	0	240
Ending Stocks	11	4	11	10	0	12
TOTAL DISTRIBUTION	321	**178**	342	**240**	0	**252**
Calendar Year Imports	0	163	0	189	0	195
Calendar Yr Imp. U.S.	0	142	0	174	0	180
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Trade Matrix Oil Sunflower-seed (Jan-Dec)

OIL, SUNFLOWERSEED		UNITS: **THOUSAND METRIC TONS**	
EXPORTS FOR 1999 TO:		**IMPORTS FOR 1999 FROM:**	
U.S.	45	U.S.	174
OTHER		OTHER	
		ARGENTINA	15
TOTAL OF OTHER	0	TOTAL OF OTHER	15
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	45	GRAND TOTAL	189

SOURCE: 1993, 2000. Global Trade Information Services, Inc. Mexico Edition, Dec. 1999.

PS&D Oil, Rapeseed

Unit: 1000 Metric Tons

PSD Table						
Country	**Mexico**					
Commodity	**Oil, Rapeseed**					
	Revised1998		**Preliminary1999**		**Forecast2000**	
	Old	New	Old	New	Old	New
Market Year Begin	10/1998		10/1999		10/2000	
Crush	700	785	735	860	0	910
Extr. Rate, 999.999	0.41571429	0.37962	0.414966	0.37907	0	0.3802
Beginning Stocks	0	0	0	0	0	0
Production	291	298	305	326	0	346
MY Imports	110	110	105	70	0	60
MY Imp. from U.S.	80	91	75	58	0	50
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	401	**408**	410	**396**	0	**406**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	401	408	410	396	0	406
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	401	**408**	410	**396**	0	**406**
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	401	408	410	396	0	406
Calendar Year Imports	120	118	100	75	0	65
Calendar Yr Imp. U.S.	0	84	0	47	0	46
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PS&D Oil, Coconut

Unit: 1000 Metric Tons

PSD Table						
Country	**Mexico**					
Commodity	**Oil, Coconut**					
	Revised1998		**Preliminary1999**		**Forecast2000**	
	Old	New	Old	New	Old	New
Market Year Begin	**01/1999**		**01/2000**		**01/2001**	
Crush	120	62	116	72	0	77
Extr. Rate, 999.999	0.991667	1.854839	0.982759	1.63889	0	1.58442
Beginning Stocks	0	0	0	0	0	0
Production	119	115	114	118	0	122
MY Imports	7	38	8	58	0	60
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	126	**153**	122	**176**	0	**182**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	6	91	6	104	0	105
Food Use Dom. Consump.	120	62	116	72	0	77
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	126	**153**	122	**176**	0	**182**
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	126	153	122	176	0	182
Calendar Year Imports	7	38	0	58	0	60
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PS&D Oil, Cottonseed

Unit: 1000 Metric Tons

PSD Table						
Country	**Mexico**					
Commodity	**Oil, Cottonseed**					
	Revised1998		**Preliminary1999**		**Forecast2000**	
	Old	New	Old	New	Old	New
Market Year Begin	**08/1998**		**08/1999**		**08/2000**	
Crush	72	85	55	71	0	75
Extr. Rate, 999.999	0.986111	0.929412	0.96364	0.915493	0	0.88
Beginning Stocks	0	0	0	0	0	0
Production	71	79	53	65	0	66
MY Imports	1	6	2	6	0	9
MY Imp. from U.S.	1	6	2	6	0	9
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	72	**85**	55	**71**	0	**75**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	72	85	55	71	0	75
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	72	85	55	71	0	75
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	72	**85**	55	**71**	0	**75**
Calendar Year Imports	0	5	0	7	0	10
Calendar Yr Imp. U.S.	0	5	0	7	0	10
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PS&D Oil, Palm

Unit: 1000 Hectares/1000 Metric Tons

PSD Table						
Country	**Mexico**					
Commodity	**Oil, Palm**					
	Revised1998		**Preliminary1999**		**Forecast2000**	
	Old	New	Old	New	Old	New
Market Year Begin	**01/1999**		**01/2000**		**01/2001**	
Area Planted	0	3	0	3	0	3
Area Harvested	0	3	0	3	0	3
Trees	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	10	4	12	4	0	4
MY Imports	92	92	108	100	0	100
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	102	**96**	120	**104**	0	**104**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	102	96	120	104	0	104
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	102	96	120	104	0	104
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	102	**96**	120	**104**	0	**104**
Calendar Year Imports	0	92	0	100	0	100
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Mexico's Import Tariffs

OILS									
COMMODITY	H.S.	United States	Canada	Colombia	Venezuela	Bolivia	Costa Rica	Chile	Nicaragua
OIL	1507.10.01	3.0	3.0	EXCL	EXCL	EXCL	4.0	EXCL	8.0/7.0
SOYBEAN	1507.90.99	6.0	6.0	EXCL	EXCL	EXCL	8.0	EXCL	16.0/14.0
OIL	1508.10.01	3.0	3.0	EXCL	EXCL	EXCL	4.0	EXCL	8.0/7.0
PEANUT	1508.90.99	4.0	6.0	EXCL	EXCL	EXCL	8.0	EXCL	16.0/14.0
OIL	1511.10.01	3.0	3.0	PAR	PAR	EXCL	Ex.	PAR	8.0/7.0
PALM	1511.90.99	6.0	6.0	PAR	PAR	EXCL	8.0	PAR	16.0/14.0
OIL	1512.21.01	3.0	3.0	EXCL	EXCL	EXCL	4.0	EXCL	8.0/7.0
COTTONSEED	1512.29.99	6.0	6.0	EXCL	EXCL	EXCL	8.0	EXCL	16.0/14.0
OIL	1513.11.01	3.0	3.0	EXCL	EXCL	EXCL	4.0	EXCL	8.0/7.0
COCONUT	1513.1999	6.0	6.0	EXCL	EXCL	EXCL	8.0	EXCL	16.0/14.0
OIL	1513.21.01	3.0	3.0	PAR	PAR	EXCL	4.0	PAR	8.0/7.0
PALM KERNEL	1513.29.99	6.0	6.0	PAR	PAR	EXCL	8.0	EXCL	16.0/14.0
OIL	1514.10.01	3.0	3.0	EXCL	EXCL	EXCL	4.0	EXCL	8.0/7.0
RAPESEED	1514.90.99	6.0	6.0	EXCL	EXCL	EXCL	8.0	EXCL	16.0/14.0
OIL	1515.21.01	3.0	3.0	EXCL	EXCL	EXCL	4.0	EXCL	8.0/7.0
CORN	1515.29.99	6.0	6.0	EXCL	EXCL	EXCL	8.0	EXCL	16.0/14.0

EXCL = EXCLUDED

PAR= PARTIAL : Preferential tariff: 28% lower than the ad valorem tariff

Ex. = EXEMPT

OILSEEDS

COMMODITY	H.S.	United States	Canada	Colombia	Venezuela	Bolivia	Costa Rica	Chile	Nicaragua
SOYBEAN	1201.00.02	Ex.	Ex.	EXCL	EXCL	Ex.	Ex.	Ex.	Ex.
SOYBEAN a/	1201.00.03 a/	ES	ES	EXCL	EXCL	4.0	6.0	Ex.	12.0/10.5
SUNFLOWER	1206.00.99	Ex.	Ex.	EXCL	EXCL	Ex.	Ex.	Ex.	Ex.
RAPESEED	1205.00.99	Ex.	Ex.	EXCL	EXCL	Ex.	Ex.	Ex.	Ex.
	1205.00.01	Ex.	Ex.	EXCL	EXCL	Ex.	Ex.	Ex.	Ex.
COTTONSEED	1207.20.99	Ex.	Ex.	Ex.	Ex.	Ex.	Ex.	Ex.	Ex.
PEANUT	1202.10.99	Ex.	Ex.	PAR	PAR	Ex.	Ex.	Ex.	Ex.
	1202.20.01	Ex.	Ex.	PAR	PAR	Ex.	Ex.	Ex.	Ex.

a/ Seasonal tariff (ES) . Exempt from January 1st. to January 31st.

EX.= EXEMPT

PAR= PARTIAL: Preferential tariff: 28% lower than the ad valorem tariff

OILMEALS

COMMODITY	H.S.	United States	Canada	Colombia	Venezuela	Bolivia	Costa Rica	Chile	NIcaragua
MEAL SOYBEAN	2304.00.01	4.5	4.5	EXCL	EXCL	EXCL	6.0	Ex.	9.0/6.0
MEAL SUNFLOWER	2306.30.01	4.5	4.5	PAR	PAR	EXCL	6.0	Ex.	9.0/6.0
MEAL RAPESEED	2306.40.01	4.5	4.5	5.4/4.3	5.4/4.3	EXCL	6.0	Ex.	9.0/6.0
MEAL COTTONSEED	2306.10.01	4.5	4.5	PAR	PAR	EXCL	6.0	Ex.	1.8/1.2
MEAL PEANUT	2305.00.01	4.5	4.5	5.4/4.3	5.4/4.3	EXCL	6.0	Ex.	9.0/6.0

EXCL = EXCLUDED

PAR = PARTIAL : Preferential tariff: 28% lower than the ad valorem tariff

SOURCE: SECRETARIAT OF COMMERCE AND INDUSTRIAL DEVELOPMENT (SECOFI)

SECTION III. NARRATIVE ON SUPPLY, DEMAND, POLICY, & MARKETING

OILSEEDS

Production, General

Total oilseed production in Mexico is expected to decrease approximately 28 percent in MY 2000 due to dry conditions in the north and low prices for soybeans and cotton. As a result, a shift in the balance among different crops is expected. Soybean production, which last year represented about one-quarter of all Mexican oilseed output, is expected to be 39 percent in 2000. Peanut production will likely represent 38 percent in MY 2000 compared to 26 percent a year ago due to higher production. A recovery in domestic demand for peanuts, mainly for snacks, may lead to a slight increase in production during MY 2000. In the case of cotton, planting intentions for the 2000/01 crop are down more than 50 percent compared to last year. Again, industry sources listed depressed international prices, problems marketing the crop, and insufficient government support as the main reasons for this sharp decrease.

According to Mexico's National Association of Oils, Fats and Shortening (ANIAME), progress on the government program to develop production of African oil palm in the states of Tabasco, Veracruz, Campeche has been hampered by a lack of funding and interest from the local governments. Reportedly, only 3,000 hectares currently are producing in state of Chiapas. The original objective of this program was to have 20,000 hectares in production by 2002, which, according to industry sources, will be practically impossible to achieve.

Regarding PROCAMPO, the payment for the 2000 spring/summer and 2000/01 fall/winter planting seasons will be 778 Pesos/Ha (US$33/acre). This payment represents a 9.89 percent increase over what SAGAR paid during same periods last year. According to ANIAME officials, however, this support will have a minimum impact on soybean production for MY 2000. As in 1999, domestic soybean production is expected to account for only 3 percent of total consumption.

Total oilseed area declined by nearly 19 percent in 1999/00, to 338,000 hectares. Cotton acreage decreased the most -- 30 percent -- and is expected to continue declining in the upcoming year. Meanwhile soybean area deceased approximately 11 percent in 1999/00, and is projected to remain almost flat in MY 2000 due to low international prices.

Soybean Production

Mexican soybean production is expected to remain practically unchanged in 2000 due to several factors, including dry conditions in some parts of the north, depressed soybean prices and difficulty in obtaining credit. For 2000/01 (Sept-Aug), the initial production forecast is 140,000 MT based on official and private projections. For 1999/00, the soybean production estimate has been increased based on updated Mexican official data. Reportedly, the reduction of production in Sinaloa due to dry conditions was offset by increases in Tamaulipas, Chiapas and San Luis

Potosi which had normal weather during the growing season. As a result, in MY 1999 the average yield reached 1.7 tons per hectare compared with the 1998 level of 1.6 tons per hectare.

Production of soybeans, by state, for the 1999 spring/summer crop year is as follow:

PRODUCTION OF SOYBEANS, BY STATE, FOR
THE 1999 SPRING/SUMMER CROP YEAR

State	Area Planted (Hectares)	Area Harvested (Hectares)	Production (MT)	Yield (MT/Ha)
Sinaloa	1,629	1,623	3,334	2.1
Tamaulipas	51,101	46,977	66,334	1.4
Chiapas	12,697	12,333	28,289	2.3
San Luis Potosi	7,520	7,510	15,013	2.0
Veracruz	5,070	4,190	7,123	1.7
Chihuahua	127	127	316	2.5
Other	859	572	1,489	2.6
TOTAL	79,003	73,332	121,898	

Source: SAGAR, Secretariat of Agriculture

Cottonseed Production

The outlook for the Mexican cotton production for the 2000/01 season is unfavorable. It is expected to suffer another setback, with less than 300,000 bales to be produced, down sharply from over 600,000 bales of 1998/99, due mainly to decreased area. Low prices, lack of government support, and drought in some areas are the reasons for the reduction of over 50 percent. According to the Confederation of Mexican Cotton Associations, the sluggish demand for domestic cotton is also depressing prices. At the same time, the Confederation indicated that the Mexican government will start subsidizing cotton in the year 2000/01 (See MX9130 and MX9154).

The cotton production estimate for MY 1999 has been revised upward slightly due to better than expected growing conditions and, according to government data, higher yields. Also, the production estimate for 1998 has been raised slightly according to the Secretariat of Agriculture, Livestock and Rural Development data (SAGAR).

Peanut Production

Peanut production is forecast at 137,000 MT, slightly higher compared to the previous year. There are no official data yet for 1999. Peanut producers, shellers, and processors are cautiously optimistic that the strength of the Mexican economy and the generally affordable retail prices for their products will increase the demand for peanuts and related products. Another factor, albeit minor, that contributes to increased demand for domestic peanuts, mainly from maquiladoras, is a provision in NAFTA which allows unlimited access to the United States for paste made from Mexican peanuts. Only a very small amount of total production is used for oil and meal. Peanut butter is not used widely in Mexico, but imported U.S. product can be found in many major supermarkets.

The estimates of planted and harvested area, and production, for MY 1998 have been revised upward to reflect official Mexican data. Similarly, the trade estimates for MYs 1998 and 1999 have been raised based on SECOFI data and the stronger than expected recovery in domestic demand.

Consumption, Total

Increases in consumption of oilseed products are forecast for MY 2000 as Mexico's economy remains relatively strong. This economic growth has strengthened consumption of domestic oilseed products Consumption is expected to reach a record 5.887 MMT, an increase of nearly 4 percent from a year earlier. Demand from the livestock sector is expected to be mixed. The swine industry is expected to recover from its recent slump sometime in early 2001. The poultry industry is expected to continue growing at a steady pace, with domestic consumption in the 2000/01 year increasing modestly, industry sources said. The total oilseed consumption estimates for MYs 1998 and 1999 have been revised upward based on more current industry information.

For soybeans, industry specialists are currently estimating that soybean demand will increase approximately 3.1 percent compared to 1999. Increased domestic crushing capacity continues to drive the demand for imported beans. For MYs 1998 and 1999, the soybean consumption estimates have been revised upward reflecting the most recent available information. Increased demand led to larger than expected imports in both years.

According to ANIAME, the Mexican crushing industry has continued to consolidate as smaller, inefficient crushers continue to go out of business and larger crushers expand both capacity and market share. Crushing margins are expected to increase as the more efficient crushers control a larger part of the market. One of the most important suppliers of machinery and equipment for the crushing industry indicated that its sales reached a record level in 1999 as a result of crushers' investments in their plants. Agydsa, a Guadalajara company, for example, established a new crushing plant in Cordova, in the state of Veracruz. The optimistic outlook for the Mexican economy is expected to encourage additional investment in crushing plants in 2000.

For cottonseed, 2000/01 consumption is expected to increase slightly over the current year. The dairy industry's demand continues to increase (see MX9140) along with the number of dairy cows, which have been increasing approximately 1.5 percent annually. The cottonseed

consumption estimates for MY 1998 and 1999 have been revised upward to reflect more recent available information.

The consumption estimates for sunflowerseed in MYs 1998 and 1999 have been revised downward sharply according to ANIAME data. The main factors causing lower demand include the increased supplies of alternative seed such as rapeseed, as well as the crushers' decision to shift imports from sunflower-seed to crude sunflower oil due to more attractive prices. Price and the availability of credit, rather than quality or strong consumer preference, continue to drive Mexican importers' decisions regarding oilseeds and products. Consumption of rapeseed in MY 2000 is projected 50,000 MT higher over last year as prices continue to be favorable.

Trade, Total

Oilseed imports are expected to increase in MY 2000 and the U.S. share is expected to be about the same as in MY1999. The main factor behind this increase is the positive outlook for Mexico's hog and poultry sectors. In the case of the poultry sector, poultry meat production is forecast to increase 6 percent during 2000 (See MX0014). The soybean import estimates for MYs 1998 and 1999 have been revised upward reflecting official information from SECOFI. Note that there are big differences between U.S. export and Mexican import data.

Rapeseed imports increased again from 792,000 tons in CY 1998 to approximately 870,000 MT in CY 1999, due to favorable international prices. This trend is expected to continue in MY 2000 given the ample Canadian rapeseed supply and low international prices. Canada continues be the primary supplier of rapeseed to the Mexican market.

Peanut imports will be strong for the remainder of MY 2000, with the United States and Argentina being the two main suppliers. Many Mexican importers are buying Argentine peanuts because they are cheaper than U.S. peanuts.

Regarding peanut exports to the United States, industry sources indicated that Mexican suppliers should easily fill the NAFTA peanut quota of 4,032 MT in 2000. Under NAFTA, the United States established a duty-free TRQ for Mexican peanuts (shelled/in-shell). The TRQ quantity has increased 3 percent per year, with over-quota duties scheduled to decline by 15 percent per year between 1994 and 2000, then phased out by 2008.

Sunflower-seed imports estimates for 1998/99 and 1999/00 have been revised sharply downward to 13,000 MT and 10,000 MT respectively, based on official information from SECOFI. Imports were down because of low international prices. Many private sources concur with this estimate, including ANIAME, feed manufacturers, and meal processors. The peanut import estimates for MYs 1998 and 1999 were adjusted upward based on SECOFI's official numbers.

Policy

The dutiable season for soybeans is October 1 through December 31, during which U.S. soybeans will be charged 3 percent. The tariff will be reduced 1 percentage point every year

until it reaches zero on January 1, 2003.

Marketing

Mexico will continue to be a net importer of oilseeds and the U.S. will continue to be the principal supplier. Increased competition from Canadian rapeseed, however, is expected. Oilseed demand is price elastic, which causes substitution among competing oilseeds. Therefore, price will continue to be the overriding factor in marketing the product.

It should be noted that some Mexican importers, primarily from the Yucatan area, have expressed concerns about the quality of the U.S. soybeans they received in some recent shipments. In response to their concerns, USDA and the Mexican Government are planning to evaluate all the quality procedures that govern overland shipment of U.S. grains to Mexico (including soybeans), from elevators through the end user. To date nothing has been finalized. At the same time, U.S. market development efforts for oilseeds products should focus educating Mexican importers and government regulators about the U.S. system of soybean grading, handling, and transportation.

Other trade agreements

On March 23, 2000, Mexico signed a free trade agreement with the European Union (EU) which is scheduled to go into effect on July 1, 2000. This agreement will strengthen Mexico's presence and strategic position in world trade. In the case of agriculture, Mexico and EU agreed that tariff liberalization would take place in longer periods than those corresponded to industrial products, and there will exist a special category for sensitive products where the EU continues to grant important supports. According to ANIAME vegetables oils such as palm oil, palm kernel, coconut oil, were not included in the agreement due to the EU's rules of origin. See MX0051 for additional detail.

Mexico also signed free trade agreement wiht Israel on March 6, 2000. The final legal review and the Mexican Senate approval, however, are still underway. According to SECOFI officials, Mexico gained tax and tariff relief on certain products. In the agricultural sector, approximately half of Mexico's exports to Israel will be immediately free of tariffs and an additional 25 percent has immediate access under quota. Mexico imports concentrated soy protein and vegetable seeds from Israel and both will be free of tariffs, while Mexico will give immediate access to advanced agricultural and medical technology as well as kosher instant coffee

OIL MEALS

Production, General

For 2000/01, production is expected to increase approximately 3.4 percent due to higher bean

imports. Soybeans accounted for approximately 83 percent of total meal production in 1999/00 and are expected to remain more or less the same in 2000/01. The estimates for total meal production in 1998/99 and 1999/00 have been revised upward based on new information about increased crush and demand. This continues an upward trend in meal production which began 4 years ago as a result of increased domestic crushing capacity. Production of oilmeal from imported rapeseed and rapeseed is expected to account for approximately 12.4 percent of total meal usage against 9 percent of 1999/00.

Consumption

Mexico's strong economy is expected to increase protein meal consumption in MY 2000, although domestic product is expected to meet most of the increased demand. The projected consumption increase for oil meal products is primarily driven by increased domestic demand from the poultry industry. The forecast of 2000 Mexican poultry meat production is 6 percent more than the previous year. Moreover, demand for oil meals from the cattle industry is expected to increase slightly. The United States remains the main supplier of oil meals to the Mexican market, with negligible amounts supplied from other origins, primarily in Latin America. Total oilseed meal consumption estimates have been increased in MY's 1997 and 1998 due also to poultry industry's expansion.

The estimates of 1998/99 and 1999/00 soybean meal consumption have been raised based on updated information. For 2000/01, this increase is expected to continue due to the expanding poultry industry. Soybean meal will continue to be the ingredient of choice for the poultry and swine industries.

The consumption estimate for cottonseed meal has been revised upward for MYs 1998/99 and 1999/00 in line with more recent information obtained from private sources. For 2000/01, this trend is expected to continue due to increased demand from the dairy sector. Similarly, an increase in rapeseed meal demand is expected in MY 2000 as imported prices continue to be competitive with other oilseeds. Rapeseed meal consumption is expected to reach 11 percent of total meal consumption, which is slightly higher than the previous year. Both rapeseed and cottonseed meal continue to be used mainly by the dairy industry. For MYs 1998 and 1999, the rapeseed meal consumption estimates have been revised upward because rapeseed's competitive price relative to other oil meals during those periods drove demand higher than expected initially.

The consumption estimate of sunflowerseed meal has been revised downward sharply in MYs 1998 and 1999 due to a combination of consumer preferences and high prices. Industry sources pointed out that sunflowerseed meal has lower acceptance by the crushing industry and feed manufactures due to the high fiber content.

Trade

Oilmeal imports are expected to represent approximately 11 percent of total Mexican supplies, a

similar share than in 1999/00, which reflects lower international prices. In 1998/99, imported meal accounted for 5.7 percent of total meal availability.

Soybean meal imports are expected to remain flat in 2000/01 due to increased domestic production. The 1998/99 estimate of soybean meal imports has been revised downward according to SECOFI's official data. Conversely, the figure for 1999/00 soybean meal imports has been revised upward to reflect the stronger than expected demand from feed manufacturers and the livestock sector as well as the official trade data.

The cottonseed and rapeseed meals import estimates for 1997/98 have been revised upward in line with SECOFI official data. According to trade sources, the livestock sector has increased rapeseed meal imports due to its competitive price and high protein content. Also, the cottonseed meal import estimate for 1998/99 has been reduced sharply to 37,000 MT based on SECOFI's data. Other changes include a slight upward adjustment in rapeseed and sunflower import estimates for 1998/99, also based on SECOFI's most recent data.

OILS

Production

Mexican oil production for 1999/00 is expected to increase by approximately 4 percent over the previous year due to the optimistic outlook for the Mexican economy. The higher demand for oil is expected to be satisfied mainly by the domestic crushing industry, which in turn imports most of the oilseeds from the United States. The estimates of total Mexican oil production for 1998/99 and 1999/00 have been reduced according to more recent industry information. According to trade sources, since the start of the recent economic recovery, crushers are operating at approximately 70 percent of capacity compared to 50 percent or less in previous years.

Soybean oil remains the major domestically produced oil, accounting for 57 percent of total production. Last year, approximately 96 percent of domestically produced soybean oil was extracted from imported U.S. soybeans. That figure is expected to remain unchanged in 2000/01. Ample imported soybean supplies and low soybean prices help increase domestic crushing in 1999/00 and is expected to increase modestly again in 2000/01. According to industry sources, the crushing pace will be largely determined by domestic demand for soybean meal and the livestock that consume it.

For MYs 1998 and 1999 the rapeseed oil production estimates have been increased from the previous estimate due to favorably priced seeds, market preference for rapeseed oil and based on revisions by ANIAME. This positive trend in rapeseed oil production is expected to continue in MY 2000. At the same time, the sunflower-seed oil production estimate for 1998/99 and 1999/00 have been revised sharply downward based on new information provided by ANIAME. Reportedly, production decreased from previous years due to the high cost of seeds.

The coconut oil production estimate for 1998/99 has been revised upward, while 1999/00 has

been revised downward, reflecting ANIAME information. Production of this oil is forecast to rebound in 1999/00. According to ANIAME information, approximately 60 percent of coconut oil is bought by soap manufacturers and the remaining 40 percent is used for margarine production. Palm oil production is estimated at levels similar to two years ago as the lack of funding and interest is preventing the government program to develop production African oil palm from meeting its objective. Figures for MYs 1999 and 2000 have been revised downward because of the losses caused by last year's floods in southeastern Mexico.

Prices

Nominal oil prices (in pesos terms) have decreased 16 percent on average since the beginning of 1999. In dollar terms, however, they are on average only 12 percent lower in 2000 compared to 199,9 reflecting the strong peso in the last twelve months. Indicative oilseed prices are as follow:

INDICATIVE OILSEED PRICES

Crude Oil	Price in March 1998		Price in March 1999		Price in March 2000		Delivered
	US$/MT	Peso Equiv.	US$/MT	Peso Equiv.	US$/MT	Peso Equiv.	
Soy (S.Am)	652	5,216	452	4,470	438	4,161	Veracruz
Soy (U.S.)	646	5,491	457	4,520	429	4,076	Laredo
Sun (S.Am)	685	5,823	460	4,549	415	3,943	Veracruz
Rape (Various)	650	5,525	440	4,352	405	3,848	Pacific
Palm (Various)	720	6,120	535	5,291	370	3,515	Pacific

Source: ANIAME

As a result of lower inflation, Mexican wholesale and retail prices for vegetable oil have increased slightly in dollar terms relative to year-earlier levels. At the same time, however, oil processors are competing fiercely with each other to gain market share through retail prices discounts. According to industry sources, vegetable oil was selling for 4.5 pesos/liter (US$0.50) in some supermarkets in the northern state of Sonora, even though the current average price is approximately 9 pesos/liter (US$0.95). A similar situation is occurring with the oil prices in the industrial sector. Sources expect this competition to continue in MY 2000 if oil prices remain depressed.

Consumption

Oil consumption is expected to increase 6 percent in MY 1999/00 and to continue increasing in MY 2000/01, although at slower pace (4 percent). These increases will be driven by increased demand from both the industrial and retail sectors which in turn will be driven by depressed domestic vegetable oil prices. Total oil consumption for 1998/99 has been revised downward from previous estimates due to lower than expected crush levels.

Soybean oil is expected to continue holding 46 percent of the market for 2000/01 as it has in recent years. Most of this product goes for food processing or is blended with other oils and sold as vegetable oil. At the same time, the American Soybean Association in Mexico continues to promote the use of pure soybean oil as an alternative to blended oils.

Some of Mexico's larger oil processors have switched at least part of their production from pure sunflower oil to rapeseed oil because of the high cost of sunflower seeds. Industry sources expect this trend to continue if international rapeseed prices remain lower than other oilseeds in MY 2000. As a result, rapeseed oil has held its market share at approximately 22 percent over the past several years and its expected to hold that share through 2000/01.

The MYs 1998 and 1999 sunflower oil consumption estimates have been decreased sharply from the previous estimate based on revisions by ANIAME and was cause by high seed prices and market preference for other vegetable oils such as rapeseed. Sunflower oil has a 13 percent share of the Mexican market and most is sold to retail consumers for cooking oil. Lesser amounts are sold at wholesale for industrial uses, including the snack food and bakery industries.

For palm oil, the consumption estimates for 1998/99 and 2000/01 have been decreased based on revisions by ANIAME and SAGAR. For 2000/01, consumption is expected to remain unchanged from the current year. The coconut oil consumption estimate for 1998/99 and 1999/00 have been raised according to more recent information from ANIAME. A 3 percent increase is expected during 2000/01.

Trade

Increased imports of oilseeds is expected to reduce the growth in vegetable oil imports to 3 percent for 2000/01 from the robust 15 percent growth achieved in MY 1999/00. Imports of soybean oil are expected to increase from 21 percent of the total in MY 1999/00 to approximately 23 percent for 2000/01, due to market preferences and attractive prices. Undoubtedly, price continues to be the overriding factor in marketing vegetable oils and oilseeds in the Mexican marketplace.

The U.S. will continue to be the main supplier of soybean oil into the Mexican market due to its proximity and lower freight cost, which permit Mexican importers purchase on a "as needed" basis. Soybean oil import estimate for 1998/99 and 1999/00 have been revised upward according to revised SECOFI's information, while 1998/99 export estimate has been adjusted downward.

For sunflower oil, the 1998/99 and 1999/00 import estimates have been decreased based on revised Mexican official data. For 2000/01, imports are forecast to increase due to attractive international prices. As of February 2000, for example, Mexico already had purchased approximately seventy percent of all U.S. oil sunflower exports. Again, according to SECOFI's official statistics, the United States was the main supplier of sunflower oil in 1999.

For rapeseed and palm oils, the import estimates for MYs 1999/00 have been decreased, reflecting revised official data. For coconut oil, the import estimate has been raised for MYs 1998/99 and 1999/00, reflecting revised official data. Also, the 1998/99 and 1999/00 cottonseed oil import estimate were revised upward based on revised SECOFI data.